

Regular Session, 2010

SENATE BILL NO. 62

BY SENATOR CROWE

RETIREMENT BENEFITS. Provides for a change of beneficiary under certain circumstances. (7/1/10)

AN ACT

To amend and reenact R.S. 11:1757(B), relative to the Municipal Employees' Retirement System; to provide for benefit payment options; to provide for designation of beneficiary; to allow change of such designation; to provide conditions for such change; to provide for an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:1757(B) is hereby amended and reenacted to read as follows:

§1757. Mode of payment options

\* \* \*

**B.(1) ~~A Except as provided in Paragraphs (2) and (3) of this Subsection,~~**

**a** retiree cannot change the designation of beneficiary.

**(2) A retiree may change the designation of beneficiary if either of the following apply:**

**(a) At the time he retired, the retiree was not married; or**

**(b) After his retirement, he married a person other than the person he**

**nominated by written designation at the time of his retirement; and he has been**

married to such person for at least five years.

(3) The retiree shall file the change of beneficiary designation authorized pursuant to Paragraph (2) of this Subsection with the system on or before August 2, 2010.

(4) Nothing in this Subsection shall authorize a change in the option previously elected by the retiree. No change in beneficiary pursuant to Paragraph (2) of this Subsection shall create additional liability for the system. The system shall make any adjustments to payments paid or payable in accordance with the option selected by the retiree which are actuarially necessitated by a change of beneficiary pursuant to Paragraph (2) of this Subsection. Such changes may include reduction or suspension of the monthly payments to the retiree or to his beneficiary.

(5) A retiree who changes his beneficiary pursuant to Paragraph (2) of this Subsection shall agree to hold harmless and indemnify the system from any and all liability, loss or damages that the system may sustain as a result of actions, claims, demands and costs, including reasonable attorney fees, due to such change of beneficiary.

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Section 2. This Act shall become effective on July 1, 2010; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2010, or on the day following such approval by the legislature, whichever is later.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren B. Bailey.

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#### DIGEST

Crowe (SB 62)

Present law provides generally for the Municipal Employees' Retirement System (MERS). Provides for membership, creditable service, and other general provisions applying to both Plan A and Plan B of MERS.

Present law (R.S. 11:1757(A)) provides for benefit payment options. Provides that upon application for retirement any member may elect to receive his benefit in a retirement allowance payable throughout his life, or he may elect at that time to receive the actuarial equivalent of his retirement allowance in a reduced retirement allowance payable throughout life, with the provision that:

- (1) Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to the person he nominated by written designation duly acknowledged and filed with the board at the time of his retirement; or
- (2) Upon his death 50% of his reduced retirement allowance shall be continued throughout the life of and be paid to the person he nominated by written designation duly acknowledged and filed with the board at the time of his retirement; or
- (3) Some other benefit or benefits shall be paid either to the member or to the person or persons he nominated, provided the other benefit or benefits, together with the reduced retirement allowance, shall be certified by the actuary to be of equivalent actuarial value to his retirement allowance and shall be approved by the board.

Present law (R.S. 11:1757(B)) provides that a retiree cannot change the designation of beneficiary.

Proposed law retains present law; provides, however, that a retiree may change his beneficiary designation if:

- (1) He was not married at the time of his written designation of a beneficiary; or
- (2) He married someone other than the beneficiary designate after his retirement and the marriage took place at least five years before the change of designation.

Proposed law establishes a deadline of August 2, 2010, for a retiree to file his change of beneficiary designation with the system.

Proposed law provides that no change in beneficiary pursuant to proposed law shall create additional liability for the system. Requires the system to make any adjustments to payments paid or payable in accordance with the option selected by the retiree actuarially necessitated by a change of beneficiary pursuant to proposed law. Specifies that such changes may include reduction or suspension of the monthly payments to the retiree or to his beneficiary.

Proposed law provides that a retiree who changes his beneficiary pursuant to proposed law shall agree to hold harmless and indemnify the system from any and all liability, loss or damages that the system may sustain as a result of actions, claims, demands and costs, including reasonable attorney fees, due to such change of beneficiary.

Present law (R.S. 11:1757(C)) provides that no changes in the option elected by the member, other than to correct administrative error, shall be permitted after 60 days from date of receipt of retirement application by the board.

Proposed law retains present law. Proposed law specifies that nothing in proposed law shall authorize a change in the option previously elected by the retiree.

Effective July 1, 2010.

(Amends R.S. 11:1757(B))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the original bill.

1. Provides that a retiree who changes his beneficiary pursuant to proposed law shall agree to hold harmless and indemnify the system from any and all liability, loss or damages that the system may sustain as a result of actions, claims, demands and costs, including reasonable attorney's fees, due to such change of beneficiary.